SaskTel

Financial Statements of

IQ&A PARTNERSHIP

December 31, 2000

101-04179/

PRICEWATERHOUSECOOPERS

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January 15, 2001

Auditors' Report

**To the Members of the Legislative Assembly,
Province of Saskatchewan**

We have audited the statement of financial position of **IQ&A Partnership** as at December 31, 2000 and the statements of operations, partners' deficit and cash flows for the year then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the partnership as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The prior year's financial statements were audited by another firm of Chartered Accountants who provided their audit report dated May 18, 2000.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

STATEMENT OF OPERATIONS

For the year ended December 31	2000	1999
Forgiveness of debt	$ -	$ 458,620
Expenses		
Operating expenses	257,897	1,537,808
Depreciation and amortization	-	602,576
Operating loss	(257,897)	(1,681,764)
Capital asset write-down (Note 3)	-	340,110
Loss on sale of capital assets (Note 3)	21,299	-
Interest expense	-	24,162
Interest income	(792)	(9,501)
Net loss	$ (278,404)	$ (2,036,535)

See Accompanying Notes

STATEMENT OF PARTNERS' DEFICIT

For the year ended December 31

	2000	1999
Partners' deficit, beginning of year	$ (1,533,348)	$ -
Net loss	(278,404)	(2,036,535)
Less minority partners' share of losses (Note 4)	-	503,187
Partners' deficit, end of year	$ (1,811,752)	$ (1,533,348)

See Accompanying Notes

STATEMENT OF FINANCIAL POSITION

As at December 31

	2000	1999
Assets		
Current assets		
Cash	$ -	$ 145,491
Accounts receivable	-	122,019
Prepaid expenses	-	15,151
	-	282,661
Capital assets and start-up costs (Note 3)	-	83,780
	$ -	$ 366,441
Liabilities and Partners' deficiency in assets		
Current liabilities		
Accounts payable and accrued liabilities	$ -	$ 41,564
Interest payable (Note 6)	-	23,525
Partnership loan (Note 6)	-	589,700
	-	654,789
Partners' deficiency in assets		
Partners' capital account	1,245,000	1,245,000
Contributed surplus (Note 6)	566,752	-
Partners' deficit	(1,811,752)	(1,533,348)
	$ -	$ 366,441

See Accompanying Notes

On behalf of the Partnership

Daryl Diker

Chairman

STATEMENT OF CASH FLOWS

For the year ended December 31

Cash provided by (used in):

	2000	1999
Operating activities		
Net loss before interest paid	$ (278,404)	$ (2,035,898)
Interest paid	-	637
Net loss	(278,404)	(2,036,535)
Items not affecting cash from operations (Note 5)	21,299	625,127
Net change in non-cash working capital items	72,081	(104,674)
	(185,024)	(1,516,082)
Financing activities		
Proceeds from partnership loan (Note 6)	213,223	589,700
Proceeds on withdrawal of minority partners	-	120,000
Payments on partnership loan (Note 6)	(236,171)	-
	(22,948)	709,700
Investing activities		
Capital expenditures	(513)	(179,753)
Proceeds on sale of capital assets	62,994	-
	62,481	(179,753)
Decrease in cash	(145,491)	(986,135)
Cash and cash equivalents, beginning of year	145,491	1,131,626
Cash and cash equivalents, end of year	$ -	$ 145,491

See Accompanying Notes

NOTES TO FINANCIAL STATEMENTS

Note 1 -- Description of business

IQ&A Partnership (the Partnership) was established for the purpose of operating a data exchange and information bureau in Canada. The Partnership Agreement provided for the incorporation of IQA Corporation (the Corporation) to manage and operate all aspects of the business for the sole benefit of the Partnership. The Corporation was incorporated under the Canada Business Corporations Act. The Corporation acts as bare trustee on behalf of the Partnership and is wholly owned by the Partnership.

On April 26, 2000 the operations of the Corporation were suspended indefinitely. As of December 31, 2000, all assets of the Partnership have been disposed of.

Note 2 -- Summary of significant accounting policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

Basis of presentation
These financial statements include only partners' assets, liabilities, revenues and expenses that are directly related to the Partnership and do not reflect all of the assets, liabilities, revenues and expenses of the partners.

Cash and cash equivalents
Cash and cash equivalents consisted of funds held in a chequing account.

Capital assets and start-up costs
In the prior year the capital assets were recorded at their estimated net recoverable amount and start-up costs were written down to nil to reflect the termination of operations. During the year no depreciation was recorded on assets held for sale.

Income taxes
No provision has been made for income taxes in these financial statements as the income is taxed in the hands of the individual partners.

Note 3 -- Capital assets and start-up costs

During the year all capital assets of the Partnership were disposed of, resulting in a loss of $21,299.

In the prior year a charge of $340,100 was recorded to income to write capital assets down to their expected net recoverable value and to write down start-up costs to nil to reflect the termination of operations.

Note 4 -- Application of push-down accounting

In the prior year, SaskTel Data Exchange Inc. acquired an additional 40% of the Partnership interest, which brought its ownership position to 100% of the Partnership interest. The Partnership's financial statements reflected the adjustments arising from the transactions. The effect of these adjustments on net assets and partners' capital was as follows:

	Prior to the application of push-down accounting adjustments	Push-down accounting adjustments	Ending Balance
Net Assets	$ 817,033	(326,813)	$ 490,220
Partners' capital account			
SaskTel Data Exchange Inc.	$ 1,245,000	-	$ 1,245,000
Minority partners	830,000	(830,000)	-
Partners' deficit			
Partners' deficit	(1,257,967)	-	(1,257,967)
Minority partners' share of losses	-	503,187	503,187
	$ 817,033	(326,813)	$ 490,220

Note 5 -- Items not affecting cash from operations

	2000	1999
Forgiveness of debt	$ -	$ (458,620)
Capital asset write-down	-	340,110
Loss on sale of capital assets	21,299	-
Depreciation and amortization	-	602,576
Settlement of debt	-	141,061
	$ 21,299	$ 625,127

Note 6 -- Partnership loan

During the year SaskTel Data Exchange Inc. advanced the Partnership $213,223 (1999, $589,700) in the form of a partnership loan. Principal and interest payments were made in the amount of $236,171 and $23,525 respectively. The full amount of the partnership loan has been forgiven. Since the forgiveness was a related party transaction, $566,752 was credited to contributed surplus.

Note 7 -- Related party transactions

During the year Saskatchewan Telecommunications paid $12,628 to purchase capital assets of the Partnership.

In the prior year, $120,000 due from minority partners was included in accounts receivable.

Note 8 -- Comparatives

1999 figures have been reclassified to conform to the current year's presentation.